



RATLOU LOCAL MUNICIPALITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Annual Financial Statements

for

Ratlou Local Municipality

for the year ended 30 June 2012

Province:

North West

Contact Information:	
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Ratlou Local Municipality
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General information

Members of the Council

V.P Mance
M.R. Mongala
P.P. Mokgosi
J. Mongale
M. Kumalo
O. Seabelo
K.V Shomolekae
M Bank
J.Lebelela
M.Sedia
L Boikanyo
D.Ditau
G Boikanyo
M.I Lentswe
M Kobela
G Ncoane
K.M. Leepile
J Gaobotse
A Matebele
L Bees
D Rankokwadi
S Lekukane
D Molaolwa
M Dala
F Galetlhobogwe
F Moshweu
L Sekwati
K.Gaosirwe

Mayor

Speaker

[illegible]

Municipal Manager

G Lekomanyane

Chief Financial Officer

B Mabe (Acting)

Grading of Local Authority

Grade 1 (NW 381)

Auditors

Auditor-General

Ratlou Local Municipality
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Bankers

First National Bank: Stella Branch

Registered Office:

Municipal Offices

Physical address:

DeLareyville Road
Next to Setlagole Library
Setlagole

Postal address:

Private Bag X209
Madibogo
2772

P O Box 494
Stella
8650

Telephone number:

018 330 7000

Fax number:

018 330 7019

E-mail address:

b_mabe@hotmail.co.za

Ratlou Local Municipality
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Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 6 to 51, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 18 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Accounting Officer

31-Aug-2012

Ratlou Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

These annual financial statements for 2011/12 have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

2. BUDGET

Council approved a capital budget of **R22 918 000.00** and operational budget of **R60 181 000.00** for the 2011/2012 financial year. A further amount of **R40 532 462.00** was approved in an adjustments budget

3. OPERATING RESULTS

Revenue for the current year has increased from **R70 809 687.00** in the previous year to **R82 610 419.00** in the current year, representing a 17% increase.

4. CAPITAL COMMITMENTS

Capital commitment increased from **R 9 047 644.00** to **R13 673 111.00** which represents an increase of 51%.

5. INVESTMENTS

On 30 June 2012 investments amounted to **R 3 815 183.00**. The amount decreased with **R6 120 048.00** from the prior year.

6. CASH

At 30 June 2012, cash amounted to **R30 382 602.00**. The amount increased with **R1 484 573.00** from the prior

7. PROVISIONS

Provisions of **R2 449 618.00** were made for in the 2011/12 financial year.

8. APPRECIATION

My appreciation goes to the Mayor, the Speaker, the Chief Whip, Councillors, the Municipal Manager, Executive Managers, Managers and the staff for their support and cooperation received during the year.

I wish to convey a special work of appreciation to all the staff members who assisted me during the compilation of the financial statements for their dedication and hard work, as well as to all the employees of

Chief Financial Officer
31-Aug-12

Ratlou Local Municipality
ANNUAL FINANCIAL STATEMENTS
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Ratlou Local Municipality
STATEMENT OF FINANCIAL POSITION
as at 30 June 2012

	Note	2012 R	2011 R
ASSETS			
Current assets			
Cash and cash equivalents	1	24 830 661	33 170 594
Trade and other receivables from exchange transactions	2	126 325	220 059
Other receivables from non-exchange transactions	3	654 012	135 736
VAT receivable	9	10 323 850	5 631 569
Inventories	5	396 286	302 674
Prepayments	6	1 556 321	1 699 970
Non-current assets			
Property, plant and equipment	4	127 718 921	114 730 940
Investment Property	7	16 680 000	13 600 000
Total assets		182 286 375	169 491 542
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	8	6 299 047	3 500 400
Current portion of unspent conditional grants and receipts	10	9 255 797	6 305 842
Non-current liabilities			
Non-current provisions	11	527 351	497 687
Total liabilities		16 082 194	10 303 929
Net assets		166 204 182	159 187 613
NET ASSETS			
Accumulated surplus / (deficit)	26	166 204 181	159 187 613
Total net assets		166 204 181	159 187 613

Ratlou Local Municipality
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2012

	Note	2012 R	2011 R
Revenue			
Property Rates	14	2 035 765	1 442 950
Rental of facilities and equipment	12	718 928	1 007 332
Interest earned	13	1 989 064	1 717 501
Government grants and subsidies	16	78 323 804	66 545 352
Other income	15	150 821	96 552
Total revenue		83 218 384	70 809 687
Expenses			
Employee related costs	17	23 075 862	17 006 351
Remuneration of councillors	18	7 540 626	6 786 296
Bad debts		1 953 627	1 980 651
Depreciation and amortisation expense	19	5 730 611	5 170 558
Finance Costs		15 178	2 585
Repairs and maintenance		1 357 984	3 354 531
Grants and subsidies paid		1 200 000	-
Contracted services	20	4 960 239	3 294 574
General Expenses	21	32 001 046	17 773 658
Total expenses		77 835 173	55 369 203
Gain / (loss) on sale of assets	22	(779 277)	(277 722)
Profit / (loss) on fair value adjustment	23	2 412 636	-
Surplus / (deficit) for the period		7 016 570	15 162 762

Ratlou Local Municipality
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2012

		Accumulated Surplus/(Deficit)	Total: Net Assets
	Note	R	R
Balance at 30 June	2010	128 466 727	128 466 727
Surplus / (deficit) for the period		15 162 762	15 162 762
Correction of Prior Year Error	27	11 357 190	11 357 190
Transitional Provisions - Directive 4		4 200 933	4 200 933
Balance at 30 June	2011	159 187 612	159 187 612
Surplus / (deficit) for the period		7 016 570	7 016 570
Balance at 30 June	2012	27	166 204 182

Ratlou Local Municipality

CASH FLOW STATEMENT

as at 30 June 2012

	Note	2012 R	2011 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		76 197 970	65 547 633
Sales of goods and services		2 754 693	2 450 282
Grants		78 323 804	66 545 352
Working Capital Movements		(7 020 413)	(5 146 452)
Interest received		1 989 064	1 717 501
Prior year retained earnings adjustment			(115 602)
Other receipts		150 821	96 552
Payments		64 372 670	40 351 532
Employee costs		30 616 488	23 792 646
Working Capital Movements		(5 778 265)	(7 977 511)
Suppliers		38 319 268	24 422 763
Prior year retained earnings adjustment			111 048
Interest paid		15 178	2 585
Other payments		1 200 000	-
Net cash flows from operating activities	24	11 825 301	25 196 101
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(20 869 809)	(15 210 235)
Provision on Rehabilitation of Landfill Site		(29 663)	(497 687)
Proceeds from sale of fixed assets		734 240	503 602
Net cash flows from investing activities		(20 165 233)	(15 204 320)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flows from financing activities		-	-
Net increase / (decrease) in net cash and cash equivalents		(8 339 932)	9 991 781
Net cash and cash equivalents at beginning of period		33 170 593	23 178 812
Net cash and cash equivalents at end of period	25	24 830 661	33 170 593

Ratlou Local Municipality

CASH FLOW STATEMENT

for the year ending 30 June

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003) including any exemptions and directives issued by the accounting standards board (ASB).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Ratlou Local Municipality

CASH FLOW STATEMENT for the year ending 30 June

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET

1.5 EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

<u>GRAP Standard</u>	<u>Effective date as determined by Minister of Finance</u>	<u>Possible Impact on the financial statements on initial application</u>
GRAP 18 - Segment Reporting	Unknown	Disclosure and presentation of specific and detailed information about the major activities (service and geographical) undertaken by the municipality, along with the resources allocated to these activities
GRAP 20 - Related Party Disclosures	Unknown	Full disclosure of nature and effect all related party transactions of management, their close members of family,
GRAP 25 - Employee Benefits	Unknown	Full disclosure on employee short term benefits (undiscounted), post retirement benefits (discounted) including actuarial assumptions
GRAP 105 - Transfer of functions between entities under common control	Unknown	Disclosure and presentation of each transaction that relates to a transfer of functions between two entities within the same sphere of government.
GRAP 106 - Transfer of functions between entities not under common control	Unknown	Disclosure and presentation of each transaction that relates to a transfer of functions between two entities not within the same sphere of government.
GRAP 107 - Mergers	Unknown	Full disclosure of the nature and effect of the two entities that are now combined through a merger.

Ratlou Local Municipality

CASH FLOW STATEMENT

for the year ending 30 June

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Ratlou Local Municipality

CASH FLOW STATEMENT

for the year ending 30 June

Infrastructure

Roads and Lights	10-40
Water Pipelines	25-50
Water Pumps, Purification and	
Reservoirs	30-55
Sewerage	25-30
Landfill Site Perimeter Protection	
and structures	10-55

Community

Buildings	30
Recreational Facilities	30
Cemeteries	30
Halls	30
Libraries	30
Civic Buildings	30
Other assets	15-30

Other

Buildings	30
Office equipment	7
Furniture and fittings	7
Emergency equipment	5
Computer equipment	5
Motor Vehicles	5-10
Other assets	4-10

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognized as a change in accounting estimate in the Standard of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance

2.4 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Ratlou Local Municipality

CASH FLOW STATEMENT

for the year ending 30 June

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- > Intangible assets are initially recognised at cost.
- > Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.
- > Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Ratlou Local Municipality

CASH FLOW STATEMENT

for the year ending 30 June

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises. Fair value determinations are carried out at regular intervals.

5 NON-CURRENT ASSETS HELD FOR SALE

5.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

5.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

Ratlou Local Municipality

CASH FLOW STATEMENT

for the year ending 30 June

6 INVENTORIES

6.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

6.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

7 FINANCIAL INSTRUMENTS

7.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

7.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

7.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Ratlou Local Municipality

CASH FLOW STATEMENT

for the year ending 30 June

7.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

7.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

7.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

8 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Ratlou Local Municipality

CASH FLOW STATEMENT

for the year ending 30 June

10 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Ratlou Local Municipality

CASH FLOW STATEMENT

for the year ending 30 June

12 LEASES

12.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

12.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

13 REVENUE

13.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Ratlou Local Municipality

CASH FLOW STATEMENT

for the year ending 30 June

13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

14 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

15 RETIREMENT BENEFITS

Defined Contribution Plan

The municipality provides retirement benefits for its employees and councillors. Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entailing them to the contributions.

Ratlou Local Municipality

CASH FLOW STATEMENT

for the year ending 30 June

16 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Ratlou Local Municipality

CASH FLOW STATEMENT for the year ending 30 June

17 HERITAGE ASSETS

17.1 INITIAL RECOGNITION

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset recognised is initially measured at its cost. The cost of a purchased heritage asset comprises of its purchase price, including any costs directly attributable to bringing the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Where a heritage asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date

17.2 SUBSEQUENT MEASUREMENT - COST MODEL

After recognition as an asset, a class of heritage assets shall be carried at its cost less any accumulated impairment losses

17.3 DEPRECIATION AND IMPAIRMENT

Heritage assets are not depreciated.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of the heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance

17.4 DERECOGNITION

Heritage assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of the heritage asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
1 CASH AND CASH EQUIVALENTS			
<u>Cash and cash equivalents consist of the following:</u>			
Cash on hand		2 708	2 738
Cash at bank		24 893 328	33 238 777
Credit Card		0	322
Petrol Card		(65 376)	(71 244)
		<u>24 830 661</u>	<u>33 170 594</u>
<u>Cash at bank</u>			
The Municipality has the following bank accounts: -			
Current Account (Primary Bank Account)			
<i>First National Bank : Account Number 62023653042</i>			
Cash book balance at beginning of year		23 303 546	19 692 960
Cash book balance at end of year		<u>21 078 123</u>	<u>23 303 546</u>
Bank statement balance at beginning of year		28 898 029	28 415 293
Bank statement balance at end of year		<u>30 382 602</u>	<u>28 898 029</u>
Call Deposit - Money Market Account			
<i>First National Bank : Account Number 62032709993 @ 3.91% interest</i>			
Cash book balance at beginning of year		4 026 820	2 762 864
Cash book balance at end of year		<u>2 468 814</u>	<u>4 026 820</u>
Bank statement balance at beginning of year		4 026 820	2 762 864
Bank statement balance at end of year		<u>2 468 791</u>	<u>4 026 820</u>
Call Deposit - Sports, Arts and Culture Grant			
<i>First National Bank : Account Number 62159137978 @ 3.41% interest</i>			
Cash book balance at beginning of year		90 667	87 363
Cash book balance at end of year		<u>93 807</u>	<u>90 667</u>
Bank statement balance at beginning of year		-	87 363
Bank statement balance at end of year		<u>93 807</u>	<u>90 667</u>
Call Deposit - Infrastructure Grant			
<i>First National Bank : Account Number 62159138299 @ 3.91% interest</i>			
Cash book balance at beginning of year		5 817 744	595 982
Cash book balance at end of year		<u>1 252 584</u>	<u>5 817 744</u>
Bank statement balance at beginning of year		5 817 744	595 982
Bank statement balance at end of year		<u>1 252 585</u>	<u>5 817 744</u>

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
<u>Credit Card</u>			
First National Bank : 8812710003277006			
Cash book balance at beginning of year		322	5 374
Cash book balance at end of year		0	322
Bank statement balance at beginning of year		322	5 374
Bank statement balance at end of year		-	322
<u>Petrol Card</u>			
Wesbank : 80936			
Cash book balance at beginning of year			-
Cash book balance at end of year		(65 376)	(71 244)
Bank statement balance at beginning of year		-	-
Bank statement balance at end of year		(65 376)	-
<u>Cash on hand</u>		2 708	2 738
Total cash and cash equivalents		24 830 661	33 170 594

	Gross Balances	Provision for Doubtful Debts	Net Balance
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS			
<u>Trade receivables</u>			
as at 30 June 2012			
Rates	3 173 877	(3 160 391)	13 486
Rental	1 292 736	(1 179 897)	112 839
Total	4 466 613	(4 340 288)	126 325
as at 30 June 2011			
Rates	1 414 012	(1 403 943)	10 069
Rental	1 192 708	(982 718)	209 990
Total	2 606 720	(2 386 661)	220 059
as at 30 June 2012			
<u>Rates: Ageing</u>			
Current (0 – 30 days)	-	-	-
31 - 60 Days	-	-	-
61 - 90 Days	-	-	-
91 - 120 Days	-	-	-
121 - 365 Days	1 851 412	(1 838 076)	13 335
+ 365 Days	1 322 354	(1 322 314)	40
Total	3 173 766	(3 160 391)	13 375

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
as at 30 June 2012			
<u>Rental: Ageing</u>			
Current (0 – 30 days)	91 915	(26 829)	65 086
31 - 60 Days	51 195	(33 683)	17 512
61 - 90 Days	28 597	(20 924)	7 673
91 - 120 Days	27 504	(23 941)	3 562
121 - 365 Days	154 612	(136 191)	18 421
+ 365 Days	938 906	(938 328)	578
Total	1 292 729	(1 179 897)	112 833

Summary of Debtors by Customer Classification

Consumers

Current (0 – 30 days)	91 915	83 626
31 - 60 Days	51 195	72 557
61 - 90 Days	28 597	55 150
91 - 120 Days	27 504	89 616
121 - 365 Days	2 006 024	1 448 332
+ 365 Days	2 261 260	857 439
Sub-total	4 466 496	2 606 720
Less: Provision for doubtful debts	(4 340 288)	(2 386 661)
Total debtors by customer classification	126 207	220 059

Reconciliation of the doubtful debt provision

Balance at beginning of the year	(2 386 661)	(578 549)
Contributions to provision	(1 953 627)	(1 808 112)
Doubtful debts written off against provision	-	0
Reversal of provision	-	0
Balance at end of year	(4 340 288)	(2 386 661)

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Fruitless and Wasteful Expenditure	29.1	-	-
Irregular Expenditure	29.2	-	-
Other debtors		654 012	135 736
Total Other Debtors		654 012	135 736

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Reconciliation of Carrying Value

	Land R	Buildings R	Infrastructure R	Community R	Heritage R	Other Assets R	Total R
as at 1 July 2011	801 951	16 283 039	16 233 213	73 967 986	-	7 444 751	114 730 942
Cost/Revaluation	801 951	18 756 158	16 598 183	82 475 249	-	9 684 308	128 315 849
Accumulated depreciation and impairment losses	-	(2 473 119)	(364 969)	(8 507 264)	-	(2 239 557)	(13 584 907)
Acquisitions	-	199 525	559 786	10 640 027	-	4 191 451	15 590 788
Capital under construction (capitilised)	-	-	-	(4 933 927)	-	-	(4 933 927)
Capital under Construction	-	-	6 097 990	3 447 594	-	-	9 545 584
Other Movements*	29 663	-	-	-	-	-	29 663
Depreciation	(32 078)	(630 979)	(376 472)	(2 639 136)	-	(2 051 946)	(5 730 611)
Carrying value of disposals	-	-	-	-	-	(1 513 517)	(1 513 517)
Cost/Revaluation	-	-	-	-	-	(2 458 218)	(2 458 218)
Accumulated depreciation and impairment losses	-	-	-	-	-	944 702	944 702
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
as at 30 June 2012	799 537	15 851 584	22 514 517	80 482 544	-	8 070 739	127 718 921
Cost/Revaluation	831 615	18 955 683	23 255 958	91 628 943	-	11 417 541	146 089 740
Accumulated depreciation and impairment losses	(32 078)	(3 104 098)	(741 441)	(11 146 399)	-	(3 346 802)	(18 370 818)

Refer to Appendix A for more detail on property, plant and equipment

In terms of GRAP 17 management assessed the residual value and useful life of all property, plant and equipment. For the period under review the residual values of all property, plant and equipment (except for motor vehicles) were assessed at zero, as the economic life of these assets are greater than the useful life.

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

4.2 Reconciliation of Carrying Value

	Land R	Buildings R	Infrastructure R	Community R	Heritage R	Other Assets R	Total R
as at 1 July 2010	-	16 708 938	13 160 323	63 735 200	-	7 285 519	100 889 981
Cost/Revaluation	-	18 558 938	13 207 403	69 746 410	-	8 205 012	109 717 763
Accumulated depreciation and impairment losses	-	(1 850 000)	(47 080)	(6 011 210)	-	(919 492)	(8 827 782)
Acquisitions	304 264	197 220	823 272	6 632 622	-	2 790 065	10 747 443
Capital under Construction	-	-	2 567 508	6 096 217	-	-	8 663 725
Other Movements*	497 687	-	-	-	-	-	497 687
Depreciation	-	(623 119)	(317 890)	(2 496 054)	-	(1 849 511)	(5 286 573)
Carrying value of disposals						(781 323)	(781 323)
Cost/Revaluation	-	-	-	-	-	(1 310 769)	(1 310 769)
Accumulated depreciation and impairment losses	-	-	-	-	-	529 446	529 446
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-
as at 30 June 2011	801 951	16 283 039	16 233 213	73 967 986	-	7 444 751	114 730 940
Cost/Revaluation	801 951	18 756 158	16 598 183	82 475 249	-	9 684 308	128 315 849
Accumulated depreciation and impairment losses	-	(2 473 119)	(364 969)	(8 507 264)	-	(2 239 557)	(13 584 909)

Refer to Appendix A for more detail on property, plant and equipment

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
5 INVENTORY			
Opening balance of inventories:		302 674	-
Consumable stores - at cost		302 674	-
Maintenance materials - at cost		-	-
Additions:		476 112	781 919
Consumable stores		456 095	781 919
Maintenance materials		20 017	-
Issued (expensed):		-382 500	-479 245
Consumable stores		-349 866	-479 245
Maintenance materials		-32 634	-
Closing balance of inventories:		396 286	302 674
Consumable stores		408 903	302 674
Maintenance materials		-12 617	-

The First-in-First-out (FIFO) costing method is applied on inventories. The same method is used as the inventories have a similar nature and use to the entity. Inventories are measured at the lower of cost and net realisable value

6 PREPAYMENTS

Prepaid Expense	1 556 321	1 699 970
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The majority of the prepaid expenses relates to the Insurance, SALGA membership fees and inventory for 2012/13 paid in advance

7 INVESTMENT PROPERTY CARRIED AT FAIR VALUE

Setlagole Business Complex

Balance at the beginning of the year	13 600 000	12 800 000
Acquisitions	667 364	-
Increase/(Decrease) in Fair Value	2 412 636	800 000
Impairment Loss	-	-
Balance at the end of the year	16 680 000	13 600 000

7.1 The Investment property has not been pledged as security

7.2 Rental income from investment property	619 551	1 007 332
Direct operating expenses from rental generating property	435 915	998 158

7.3 Details of valuation

The effective date of the revaluations was August 2012. Revaluations were performed by an independent valuer, George Chelechele of Bokono Bophirima Property Values. Bokono Bophirima Property Values are not connected to the entity and have recent experience in location and category of the properties being valued. The valuation method was based on means of comparable sales. These assumptions are based on current market conditions.

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
8 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Trade creditors		1 734 322	42 414
Other creditors		169 073	136 238
Staff Leave Accrual		1 922 671	1 188 121
Bonus Accrual		596 242	427 976
Retentions		1 876 739	1 705 652
Total creditors		6 299 047	3 500 400

The fair value of trade and other payables approximates their carrying amounts.

The movement in current provisions are reconciled as follows:

as at 1 July 2011

Contributions to provision

Expenditure incurred

as at 30 June 2012

as at 1 July 2010

Contributions to provision

Expenditure incurred

as at 30 June 2011

Staff Leave	
Accrual	Bonus Accrual
1 188 121	427 976
1 362 325	956 390
-627 775	-788 123
1 922 671	596 242
1 209 478	307 896
-	120 080
-21 357	-
1 188 121	427 976

9 VAT RECEIVABLE

VAT receivable

Total VAT receivables

10 323 850	5 631 569
10 323 850	5 631 569

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

10 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

10.1 Unspent Conditional Grants from other spheres of Government

Financial Management Grant

Ngaka Modiri Molema District Municipality Grant - Finance Interns

Municipal Infrastructure Grant

Sports, Arts and Culture - Library Grant

Municipal Systems Improvement Grant

LG Seta Grant

Expanded Public Works Programme Grant

Ngaka Modiri Molema District Municipality Grant - Free Basic Water

Ngaka Modiri Molema District Municipality - Municipal Health Service Grant

National Heritage Grant

Total Unspent Conditional Grants and Receipts

Current portion of unspent conditional grants and receipts

See Note 16 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

152 834	
-	-
6 390 206	3 321 168
-	-
-	-
-	10 887
-	-
2 712 757	2 973 787
-	-
-	-
9 255 797	6 305 841

9 255 797

6 305 842

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
11 NON-CURRENT PROVISIONS			
Provision for rehabilitation of landfill site		527 351	497 687
Total Provisions		527 351	497 687
 REHABILITATION OF LANDFILL SITES			
as at 1 July 2010		-	
Contributions to provision		497 687	
Expenditure incurred		-	
as at 30 June 2011		497 687	
 as at 1 July 2011		497 687	
Contributions to provision		29 663	
Expenditure incurred		-	
as at 30 June 2012		527 351	
 <u>Rehabilitation of landfill site</u>			
The timing for the possible outflow of resources for the rehabilitation for the landfill site could not be determined at the date of the financial statements. The discount rate used to calculate the obligation at year-end was 5.96%			
The following key assumptions were made to arrive at the amount disclosed as a possible future obligation:			
<i>Environmental impact process for establishment of solid waste disposal site</i>			
<i>Supply and operation of machinery to transfer refuse</i>			
<i>Sloping and spreading of slopes and ground work, including manual hand labour</i>			
An estimated amount was calculated and an average discount rate of 5.96% as per SASTATS was used to calculate the obligation at year-end.			
 12 RENTAL OF FACILITIES AND EQUIPMENT			
Rental of facilities		718 928	1 007 332
Total rentals		718 928	1 007 332
 13 INTEREST EARNED			
Cash and Cash Equivalents		1 989 064	1 717 501
Total interest		1 989 064	1 717 501
<i>The interest includes interest received on short-term deposits and the main bank account</i>			

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
14 PROPERTY RATES			
Actual			
Residential		2 035 765	1 442 950
Total property rates		2 035 765	1 442 950
Property rates - penalties imposed and collection charges		-	-
Total		2 035 765	1 442 950
 Valuations			
Residential		1 504 596 736	1 486 341 265
<i>valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009.</i>			
<i>A general rate of 0.2% (2009/10) is applied to property valuations to determine assessment rates. An average rebate of 26.25% are granted to residential owners and a further discount of 18.63% is also granted on the rates. Rates are levied on an yearly basis with the final date of payment being within 30 days.</i>			
 Average of Discounts:			
Rebate Average		26.25%	
 <i>Phasing in (25%)</i>		<i>18.42%</i>	
<i>Exemption</i>		<i>0.21%</i>	
Total Other Discounts		<u>18.63%</u>	
 15 OTHER INCOME			
Tender Fees		113 784	76 316
Other Income		37 037	20 236
		150 821	96 552
 16 GOVERNMENT GRANTS AND SUBSIDIES			
Equitable Share	16.1	59 576 000	49 310 290
Financial Management Grant	16.2	1 347 166	1 250 000
 Ngaka Modiri Molema District Municipality Grant - Finance Interns	16.3	-	-
Municipal Infrastructure Grant	16.4	15 003 961	11 705 832
Sports, Arts and Culture - Library Grant	16.5	750 000	750 000
Municipal Systems Improvement Grant	16.6	790 000	750 000
LG Seta Grant	16.7	150 964	43 390
Expanded Public Works Programme Grant	16.8	295 000	-
 Ngaka Modiri Molema District Municipality Grant - Free Basic Water	16.9	261 030	2 011 157
Ngaka Modiri Molema District Municipality - Municipal Health Service Grant	16.10	-	575 000
National Heritage Grant	16.11	149 682	149 682
Total Government Grant and Subsidies		78 323 804	66 545 352

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
16.1 Equitable Share			
<i>This grant is used to fund the operations of the municipality in accordance with the approved MTREF budget.</i>		59 576 000	49 310 290
16.2 Financial Management Grant			
Balance unspent at beginning of year		-	
Current year receipts		(1 500 000)	(1 000 000)
Conditions met - transferred to revenue		1 347 166	1 000 000
Conditions still to be met - remain liabilities (see note 10)		(152 834)	-
<i>This grant used to fund financial operations of the municipality</i>			
16.3 Ngaka Modiri Molema District Municipality Grant - Finance Interns			
Balance unspent at beginning of year		-	(71 475)
Current year receipts		-	71 475
Conditions met - transferred to revenue		-	-
Conditions still to be met - remain liabilities (see note 10)		-	-
<i>This grant is used to fund the payment of interns seconded to the municipality</i>			
16.4 Municipal Infrastructure Grant			
Balance unspent at beginning of year		(3 321 168)	-
Current year receipts		(18 073 000)	(15 027 000)
Conditions met - transferred to revenue		15 003 961	11 705 832
Conditions still to be met - remain liabilities (see note 10)		(6 390 206)	(3 321 168)
<i>This grant is used to construct various community halls, infrastructure projects ect to uplift the community.</i>			
16.5 Sports, Arts and Culture - Library Grant			
Balance unspent at beginning of year		-	-
Current year receipts		(750 000)	(750 000)
Conditions met - transferred to revenue		750 000	750 000
Conditions still to be met - remain liabilities (see note 9)		-	-
<i>This grant is used to for the library function and purchases in Setlagole</i>			
16.6 Municipal Systems Improvement Grant			
Balance unspent at beginning of year		-	-
Current year receipts		(790 000)	(750 000)
Conditions met - transferred to revenue		790 000	750 000
Conditions still to be met - remain liabilities (see note 10)		-	-
<i>This grant is used to fund the financial operations of the municipality</i>			

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
16.7 LG Seta Grant			
Balance unspent at beginning of year		(10 887)	-
Current year receipts		(140 077)	(54 277)
Conditions met - transferred to revenue		150 964	43 390
Conditions still to be met - remain liabilities (see note 10)		-	(10 887)
<i>This grant is used to fund training of municipal staff</i>			
16.8 Expanded Public Works Programme Grant			
Balance unspent at beginning of year		-	-
Current year receipts		(295 000)	-
Conditions met - transferred to revenue		295 000	-
Conditions still to be met - remain liabilities (see note 10)		-	-
<i>To increase and maximise job creation</i>			
16.9 Ngaka Modiri Molema District Municipality Grant - Free Basic Water			
Balance unspent at beginning of year		(2 973 787)	-
Current year receipts		0	(4 984 944)
Conditions met - transferred to revenue		261 030	2 011 157
Conditions still to be met - remain liabilities (see note 10)		(2 712 757)	(2 973 787)
<i>This grant is used to provide basic water services within the municipal area.</i>			
16.10 Ngaka Modiri Molema District Municipality - Municipal Health Service Grant			
Balance unspent at beginning of year		-	(71 475)
Current year receipts		-	(575 000)
Conditions met - transferred to revenue		-	646 475
Conditions still to be met - remain liabilities (see note 10)		-	-
<i>This grant is used to provide municipal health services within the municipal area.</i>			
16.11 National Heritage Grant			
Balance unspent at beginning of year		-	-
Current year receipts		(149 682)	(149 682)
Conditions met - transferred to revenue		149 682	149 682
Conditions still to be met - remain liabilities (see note 10)		-	-
<i>This grant is used to develop, promote and protect the national heritage for present and future generations and to promote and protect indigenous knowledge systems.</i>			

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
17 EMPLOYEE RELATED COSTS			
Employee related costs - Salaries and Wages		13 440 926	10 207 863
Performance and other bonuses		3 760 325	710 119
Travel, Motor vehicle, accommodation, subsistence and other allowances		804 212	423 690
Employee Related Costs - Contributions to UIF, Pension and Medical Aid		279 792	2 991 791
Housing benefits and allowances		142 414	140 965
Overtime payments		766 572	70 537
Long-Service Awards		14 943	-
Other employee related costs		610 775	259 728
Total Employee Related Costs		19 819 959	14 804 694

REMUNERATION OF THE MUNICIPAL MANAGER

Annual Remuneration	744 407	600 523
Performance and Other Bonuses	21 551	
Travel, Motor Vehicle, Accommodation, Subsistence and other allowances	177 609	144 323
Housing Benefits and allowances	1 044	
Contributions to UIF, pension and medical aid	128 580	24 216
Other employee related costs	113 581	19 728
Total	1 186 773	788 789

REMUNERATION OF THE ACTING MUNICIPAL MANAGER (ACTING 1-30 JUNE 2011)

Acting Allowance	171 784	25 001
Total	171 784	25 001

REMUNERATION OF THE CHIEF FINANCE OFFICER

Annual Remuneration	399 811	373 409
Travel, Motor Vehicle, Accommodation, Subsistence and other allowances	110 214	107 440
Contributions to UIF, pension and medical aid	97 652	37 067
Other employee related costs	57 416	12 128
Total	665 093	530 044

REMUNERATION OF THE ACTING CHIEF FINANCE OFFICER (ACTING APRIL - JUNE 2012)

Acting Allowance	14 173	-
Total	14 173	-

REMUNERATION OF TECHNICAL SERVICES DIRECTOR

Annual Remuneration	367 690	116 384
Travel, Motor Vehicle, Accommodation, Subsistence and other allowances	104 280	48 242
Contributions to UIF, pension and medical aid	83 941	12 024
Other employee related costs		64 493
Total	555 911	241 143

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
REMUNERATION OF TECHNICAL SERVICES DIRECTOR (ACTING OCTOBER 2010 - JUNE 2011)			
Acting Allowance		-	74 394
Total		-	74 394
REMUNERATION OF MANAGER IN MUNICIPAL MANAGERS OFFICE			
Annual Remuneration		64 743.9	-
Travel, Motor Vehicle, Accommodation, Subsistence and other allowances		21 059.4	-
Contributions to UIF, pension and medical aid		20 455.7	-
Total		106 259	-
REMUNERATION OF CORPORATE SERVICES DIRECTOR			
Annual Remuneration		367 690	348 213
Travel, Motor Vehicle, Accommodation, Subsistence and other allowances		104 280	125 216
Housing Benefits and allowances		-	-
Contributions to UIF, pension and medical aid		83 941	56 550
Other employee related costs		-	12 306
Total		555 911	542 285
18 REMUNERATION OF COUNCILLORS			
Executive Mayor		534 947	540 504
Speaker		449 595	626 949
Executive Committee Members		2 028 566	2 496 644
Councillors		3 854 729	2 505 795
Councillors' pension and medical aid contributions		672 788	616 404
Total Councillors' Remuneration		7 540 626	6 786 296
In-kind Benefits			
<i>The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.</i>			
<i>The Executive Mayor has use of the Council owned vehicle for official duties.</i>			
19 DEPRECIATION AND AMORTISATION EXPENSE			
Property, plant and equipment		5 730 611	5 170 558
Total Depreciation and Amortisation		5 730 611	5 170 558
20 CONTRACTED SERVICES			
Security Services		2 176 411	1 667 483
Cleaning		-	214 037
Accounting Fees		1 276 121	895 716
Performance Information		-	143 496
Valuation Services		1 507 707	-
Total		4 960 239	3 294 574

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
21 GENERAL EXPENSES			
Included in general expenses are the following:-			
Accommodation and meals		2 181 664	349 463
Advertising		484 524	172 096
Arts and Culture Project		-	28 966
Audit Fees		1 729 670	1 941 949
Awareness Campaign		-	193 195
Bank Charges		66 982	58 949
Books And Periodicals		30 637	2 556
Catering		2 243 323	402 194
Cleaning		113 735	14 061
Congress and Conferences		82 000	201 845
Contractors Fees		-	421 078
Diagnose Support		-	103 388
Disaster Management		2 703	3 425
Donations		28 723	43 886
Economic Development		-	3 118
Electricity And Water		918 033	612 455
Entertainment		55 168	39 581
Events		366 168	95 757
Financial Management System Fees		136 935	286 552
Fuel And Oil		993 456	438 449
Gardening Services		-	29 614
Imbizo Expenditure		-	906 905
Insurance		1 847 681	1 125 083
Integrated Development Plan		688 680	561 148
Internet Charges		66 579	29 108
Kraaipan Heritage Research		140 622	133 138
Land Restitution Programme		-	363 967
Learnership Programmes		-	20 306
Consulting Fees		577 800	-
Legal Expenses		2 654 040	87 440
Library		-	31 600
Licence Fees		-	83
Mandela Day		-	57 776
Mayoral Economic Empowerment		-	223 869
Membership Fees		73 559	126 441
Consumables		23 808	41 380
Municipal Marketing		-	226 850
Other expenses		-	80
Pastel Evolution Fees		-	282 270
Performance Information		-	175 439
Performance Management System		183 500	402 866
Pest Control		141 763	79 129
Poverty Alleviation Projects		-	739 220
Printing, Stationery And Postage		1 386 654	555 652
Professional Fees		1 461 200	98 125
Promotional Material		171 606	131 439
Clothing		1 359 260	-
Publications		56 572	92 674
Refreshments		3 736	25 621
Rental Of Equipment		732 822	121 592

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
Risk Management		-	131 579
SMME Empowerment		-	106 533
Spatial Development Plan		-	272 250
Strategic Planning		-	207 816
Subscription Fees		4 820	6 676
Telephone Costs		1 539 245	1 182 228
Training and courses		2 992 690	1 673 591
Transport Fees		1 821 258	-
Travel And Subsistence		930 839	1 295 046
Sports Management Support		-	877
Traffic Officers		126 245	-
Tourism		-	73 490
Waste Management		720 421	136 936
Wellness Programme		-	133 529
Womens Development		-	149 215
Workmans Compensation		-	15 176
Stipend for General Workers		26 200	-
Stipend for Ward Committees		1 313 586	-
Stipend for EPWP Workers		1 491 140	-
Stipends for Youth		31 000	306 940
Total		32 001 046	17 773 658

22 GAIN / (LOSS) ON SALE OF ASSETS

Property, plant and equipment	(779 277)	(277 722)
Total Gain / (Loss) on Sale of Assets	(779 277)	(277 722)

23 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT

Investment property carried at fair value	2 412 636	-
	2 412 636	-

24 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	7 016 570	15 162 762
Adjustment for:-		
Depreciation and amortisation	5 730 611	5 170 558
(Gain)/Loss on sale of assets	779 277	277 722
Profit/ (Loss) on Fair Value Adjustment	(2 412 636)	
Bad Debts	1 953 627	1 980 651
Prior year retained earnings adjustment	-	(226 650)
Operating surplus before working capital changes:	13 067 449	22 365 042
(Increase)/decrease in trade receivables	(1 859 893)	(1 550 662)
(Increase)/decrease in other receivables	(518 276)	(83 429)
(Increase)/decrease in inventory	(93 612)	(151 330)
(Increase)/decrease in VAT receivable	(4 692 281)	(1 789 136)
(Increase)/decrease in Prepayments	143 649	(1 571 895)
Increase/(decrease) in provision - current	29 663	476 330
Increase/(decrease) in conditional grants and receipts	2 949 955	6 305 842
Increase/(decrease) in trade payables	2 798 647	1 195 339
Cash generated by/(utilised in) operations	11 825 301	25 196 101

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
25 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash		24 830 661	33 170 594
Net cash and cash equivalents (net of bank overdrafts)		24 830 661	33 170 594
26 CHANGE IN ACCOUNTING POLICY			
26.1 Property, Plant and Equipment			
Implementation of GRAP			
Infrastructure previously not recorded credited to Accumulated Surplus/(Deficit) (see 26.1 below)			4 200 933
Total credited/(debited) to Accumulated Surplus/(Deficit) (see 26.1 below)		-	4 200 933
26.1 ACCUMULATED SURPLUS/(DEFICIT)			
Balance at beginning of the year		159 187 612	128 466 727
Fair value of Property, Plant and Equipment previously not recorded (see 26.1 above)		-	4 200 933
Rounding Error		-	11 357 190
Correction of Error - (See note 27 below)		7 016 570	15 162 762
Surplus/(deficit) for the year		166 204 183	159 187 612
27 CORRECTION OF ERROR			
During the year ended 30 June 2011, the payments made through the credit card was not accounted for.			
The comparative amount has been restated as follows:			
<u>Current Assets</u>			
<u>Cash and cash Equivalents</u>			
<u>Credit Card</u>			(44 358)
Net effect on Statement of Financial Position			(44 358)
Net effect on Accumulated surplus opening balance			44 358
We noted that the telephone account for IEC rental debtor was not billed for May and June 2011. This has now been corrected			
The comparative amount has been restated as follows:			
<u>Current Assets</u>			
<u>Trade and other receivables from exchange transactions</u>			2 476
<u>Vat Receivable</u>			(304)
Net effect on Statement of Financial Position			2 172
Net effect on Accumulated surplus opening balance			(2 172)

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
<p>No bonus accruals were recognised in the prior financial years, this error has now been corrected</p> <p>27.3</p> <p>The comparative amount has been restated as follows:</p> <p><u>Current Liabilities</u></p> <p><i>Trade and other payables from exchange transactions</i></p>			(427 976)
Net effect on Statement of Financial Position			(427 976)
Net effect on Accumulated surplus opening balance			427 976
<p>Retention fees were paid out in the current year that relates to a prior year project. The retention was not recognised in the prior year. This has now been corrected</p> <p>27.4</p> <p>The comparative amount has been restated as follows:</p> <p><u>Current Liabilities</u></p> <p><i>Trade and other payables</i></p>			(343 562)
<p><u>Non-current Assets</u></p> <p><i>Property, Plant and Equipment - Cost</i></p> <p><i>Property, Plant and Equipment - Accumulated Depreciation</i></p>			343 562 (8 589)
Net effect on Statement of Financial Position			(8 589)
Net effect on Accumulated surplus opening balance			8 589
<p>Inventory acquired in prior year were not recognised as inventory (but as expenditure).</p> <p>27.5</p> <p>The comparative amount has been restated as follows:</p> <p><u>Current Assets</u></p> <p><i>Inventory</i></p>			151 344
Net effect on Statement of Financial Position			151 344
Net effect on Accumulated surplus opening balance			(151 344)
<p>An unspent grant from 2010/11 from NMMDM was misallocated to a different unspent grant vote. The effect was that the revenue was not recognised when the conditions were met.</p> <p>27.6</p> <p>The comparative amount has been restated as follows:</p> <p><u>Current Liabilities</u></p> <p><i>Unspent conditional grants - Note 16.3</i></p> <p><i>Unspent conditional grants - Note 16.10</i></p>			71 475 (71 475)
Net effect on Statement of Financial Position			-
Net effect on Accumulated surplus opening balance			(71 475)

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
Expenses incurred in June 2011 on the Wesbank petrol card was not recorded in the previous financial year.			
27.7			
The comparative amount has been restated as follows:			
<u>Cash and cash equivalents</u>			
Wesbank Petrol Card			(71 244)
<u>Current Assets</u>			
VAT Receivable			702
Net effect on Statement of Financial Position		(70 541)	
Net effect on Accumulated surplus opening balance		70 541	
Inventory purchases was June 2011 but not delivered at year-end. The inventory was incorrectly expensed rather than being recognised as a prepayment.			
27.8			
The comparative amount has been restated as follows:			
<u>Current Assets</u>			
Prepayment			128 075
Net effect on Statement of Financial Position		128 075	
Net effect on Accumulated surplus opening balance		(128 075)	
We noted that the opening balance on Accumulated Depreciation on Office Equipment does not agree to the prior year fixed asset register.			
27.9			
The comparative amount has been restated as follows:			
<u>Non-Current Assets</u>			
Accumulated Depreciation			(2 278)
Net effect on Statement of Financial Position		(2 278)	
Net effect on Accumulated surplus opening balance		2 278	
Rates and taxes erroneously charged on communal property in prior year.			
27.10			
The comparative amount has been restated as follows:			
<u>Current Assets</u>			
Trade and other receivables from exchange transactions			(172 539)
Impairment of receivables			172 539
Net effect on Statement of Financial Position		-	
Net effect on Accumulated surplus opening balance		-	

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
<p>The Setlhwatlhwe Heritage Site was incorreccted classified as a heritage asset in the prior year, but this is just a normal building with no historical significance. Therefore the asset has been reclassified to</p>			
27.11 community assets and depreciated.			
<p>The comparative amount has been restated as follows:</p>			
<u>Current Assets</u>			
Property, plant and equipment			(111 142)
Net effect on Statement of Financial Position			(111 142)
Net effect on Accumulated surplus opening balance			111 142
<p>We noted that deposits from prior years were not allocated to</p>			
27.12 revenue.			
<p>The comparative amount has been restated as follows:</p>			
<u>Current Liabilities</u>			
Trade and other payables from exchange transactions			30 504
Trade and other receivables from exchange transactions			(23 009)
Net effect on Statement of Financial Position			7 495
Net effect on Accumulated surplus opening balance			(7 495)
<p>A debtor was not recognised on a petty cash purchase made by an</p>			
27.12 employee in the prior year not supported. This has now been corrected			
<p>The comparative amount has been restated as follows:</p>			
<u>Current Assets</u>			
Trade and other receivables from exchange transactions			150
Net effect on Statement of Financial Position			150
Net effect on Accumulated surplus opening balance			(150)
<p>Payments were made in the current year that relates to prior year</p>			
27.12 expenses, for which the creditor was not provided for			
<p>The comparative amount has been restated as follows:</p>			
<u>Current Liabilities</u>			
Trade and other payables from exchange transactions			(38 638)
Net effect on Statement of Financial Position			(38 638)
Net effect on Accumulated surplus opening balance			38 638

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
Retention Fees on Mareetsane Community Library was incorrectly recognised in the prior year			
27.13			
The comparative amount has been restated as follows:			
<u>Current Liabilities</u>			
Trade and other payables from exchange transactions			10 350
<u>Non-current Assets</u>			
Property, Plant and Equipment			(10 350)
Net effect on Statement of Financial Position		-	-
Net effect on Accumulated surplus opening balance		-	-
The Fair Value on Investment Property was incorrectly calculated by a			
27.14 Property Values in the prior year. This has now been corrected.			
The comparative amount has been restated as follows:			
<u>Non-current Assets</u>			
Investment Properties			11 700 000
Net effect on Statement of Financial Position		11 700 000	11 700 000
Net effect on Accumulated surplus opening balance		(11 700 000)	(11 700 000)
TOTAL CORRECTION OF ERROR (Surplus/(Deficit))		(11 357 190)	(11 357 190)

28 CHANGE IN ESTIMATE

The useful life and conditions of property, plant and equipment are reviewed on an annual basis by management. In the current period the condition of some of these assets deteriorated more than initially estimated. Management have revised their estimate based on the adjusted condition of these assets. The effect of this revision has increased/(decreased) the depreciation charges for the period by:

99 977 368 475

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL

29 EXPENDITURE DISALLOWED

29.1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful exp.

Opening balance -	-	2 245
Fruitless and wasteful expenditure current year	334 185	634
Condoned or written off by Council	(334 185)	(2 879)
To be recovered – contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-

Disciplinary steps/criminal proceedings

Traffic Fines and interest penalties incurred - None taken

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
29.2 Irregular expenditure			
Reconciliation of irregular expenditure			
Opening balance -		21 223 940	10 581 393
Irregular expenditure current year		23 682 014	20 572 777
Condoned or written off by Council		(44 905 954)	(9 930 230)
Transfer to receivables for recovery – not condoned		-	-
Irregular expenditure awaiting condonement		-	21 223 940

Incident & Disciplinary steps/criminal proceedings

Procurement not in line with the Supply Chain Management Regulations

29.3 Unauthorised Expenditure

Reconciliation of Unauthorised expenditure			
Opening balance -		170 954	-
Unauthorised expenditure current year		444 806	170 954
Condoned or written off by Council		(615 760)	-
Transfer to receivables for recovery – not condoned		-	-
Unauthorised expenditure awaiting condonement		-	170 954

Incident & Disciplinary steps/criminal proceedings

Contracted Amount Overspent on Madibogo High Mast Lights Phase 1, Ramabesa Community Hall and Makgobistad Community Library as well as the overall budget

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE

30 MANAGEMENT ACT

30.1 Audit fees

Opening balance	-	-
Current year audit fee	1 729 670	1 941 949
Amount paid - current year	(1 729 670)	(1 941 949)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

30.2 VAT

VAT input receivables are shown in note 9. All VAT returns have been submitted by the due date throughout the year.

30.3 PAYE, UIF and SDL

Opening balance	3 680	48 431
Current year movement		
Current year payroll deductions	(4 350 987)	(3 142 880)
Amount paid - current year	4 358 943	3 098 129
Amount paid - previous years		
Balance unpaid (included in receivables)	11 636	3 680

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
30.4 Pension and Medical Aid Deductions			
Opening balance		(21 252)	(21 252)
Movement - Current year			
Current year payroll deductions and Council Contributions		(6 708 582)	(5 401 190)
Amount paid - current year		6 764 607	5 493 799
Amount paid - previous years			
Balance unpaid (included in payables)		34 773	(21 252)

Non-Compliance with Chapter 11 of the Municipal Finance

30.5 Management Act

No non-compliance with Chapter 11 of the MFMA

31 CAPITAL COMMITMENTS

31.1 Commitments in respect of capital expenditure

- Approved and contracted for	13 518 934	9 047 644
Infrastructure and Community Assets	13 518 934	9 047 644
- Approved and not yet contracted for	496 926	9 047 644
Infrastructure and Community Assets	496 926	9 047 644
Total	14 015 860	9 047 644
This expenditure will be financed from:		
- Government Grants	14 015 860	9 047 644
	14 015 860	9 047 644

32 OPERATING LEASES

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year	18 090	67 224
In the second to fifth year inclusive		56 020
After five years		
Total	18 090	123 244

Operating Leases consists of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office equipment. Leases are negotiated for an average term of three years and rentals are fixed. The initial lease agreement expired by end of May 2012 and the lease was further extended for 4 months ending 30 September 2012.

**Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012**

	Note	2012 R	2011 R
33 EVENTS AFTER REPORTING DATE			
at 30 June 2012			
No material events occurred after reporting date that may have an impact on the financial statements			
at 30 June 2011			
Non-adjusting events			
<u>Fire Damage due to a service delivery protest</u>			
In August 2011 a major strike took place at Logageng Community Hall due to a service delivery protest. Material fire damage was incurred, but the extent of the damage has not been determined at financial statement c			
The carrying value of the buildings damaged at year is as follows:			
Logageng Community Hall			2 513 570.78
Madibogo Pan Community Library Guard House			4 787.67
		-	<u>2 518 358.45</u>

34 RETIREMENT BENEFIT INFORMATION

34.1 Defined contribution plan

An amount of R4,582,562 (2011: R2,552,024) was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.

35 CONTINGENT LIABILITY

35.1 Legal Claim	900 000	1 041 023
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A legal claim was instituted against the Municipality by a previous employee and a service providers for services rendered and not paid. The municipalities lawyers are defending the matter in court and are of the opinion that the court will find in favour of the Municipality.

36 RELATED PARTIES

Members of key management - Section 57

MR G Lekomanyane - Municipal Manager	<i>No related party transactions</i>
Mr PE Motoko - Municipal Manager (Dismissed)	<i>No related party transactions</i>
MR OA Monchusi - Manager Corporate (Contract Expired)	<i>No related party transactions</i>
MS GS Sepeng - Corporate Service: Director	<i>No related party transactions</i>
MRS NR Gaepe - Chief Financial Officer (Contract Expired)	<i>No related party transactions</i>
MR GC Mabilo - Technical Services: Director	<i>No related party transactions</i>
MR TN Kopele - Office of the MM: Manager	<i>No related party transactions</i>

Declarations of interest was circulated to all employee of the municipality and a CIPRO search performed. Compensation to councillors and other key management (refer to note 17 & 18)

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
37 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS			
The following areas involve a significant degree of estimation uncertainty:			
37.1 <u>The useful lives and residual values of property, plant, and equipment</u>			
In accordance with GRAP 17.61 the municipality implemented an accounting policy to ensure that the residual value and the useful life of other assets are reviewed at least at each reporting date			
The residual value of infrastructure and community assets are not reviewed as they are specialized in nature and are expected to be used beyond their useful life			
The carrying value of assets at year end, subject to the annual review is:		127 718 921	114 730 940
37.2 <u>Provision for doubtful debts</u>			
Management has an accounting policy in place to provide for the bad debts.			
The policy requires individual assessment of long outstanding debtors			
The carrying value of the provision for bad debt is:		4 340 288	2 559 200
37.3 <u>Provision for rehabilitation of landfill site</u>			
The provision has been estimated at the current estimated costs to rehabilitate the landfill sites. De-escalation of the current estimated costs in order to arrive at estimated costs for the previous financial years, were calculated using the average Consumer Price Indices and inflation rates (July to June per financial year) from SASTATS			
The closing balance of the provision is:		527 351	497 687
38 RISK MANAGEMENT			
38.1 Maximum credit risk exposure			
Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.			
The municipality does not render any services (other than rates and taxes) to the community and therefore the credit risk exposure is assessed as low.			
Other receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.			
Financial assets exposed to credit risk at year end were as follows:			
Current Account - First National Bank		24 893 328	33 238 777
Trade and other receivables		4 466 613	2 606 720
These balances represent the maximum exposure to credit risk.			

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note	2012 R	2011 R
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38.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Because of low levels of creditors and no long term liabilities the liquidity risk of the municipality is assessed as low.

38.3 Interest rate risk

As the municipality has no interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates. The municipalities assessment of interest rate risk is assessed as low.

39 RESTATEMENT OF COMPARATIVE INFORMATION

The accrued leave was disclosed as a provision in the prior year, rather than accruals as required by GRAP 19. This has now been redisclosed.

39.1 The effect of the restatement is as follows:

Current Assets

Current Provisions ((Increase)/Decrease)	1 188 121
Trade and Other Payables from Exchange Transactions	
((Increase)/Decrease)	(1 188 121)

No Bonus accrual was disclosed in the prior financial years, this has

39.2 now been corrected. The effect of the restatement is as follows:

Current Liabilities

Trade and Other Payables from Exchange Transactions	
((Increase)/Decrease)	(427 976)

The Provision for the Rehabilitation for the landfill site was disclosed as a current provision in the prior year, rather than non-current. This has

39.3 now been corrected. The effect of the restatement is as follows:

Current Liabilities

Current Provisions	
Trade and Other Payables from Exchange Transactions	
((Increase)/Decrease)	497 687

Non-current Liabilities

Non-current provisions	
Trade and Other Payables from Exchange Transactions	
((Increase)/Decrease)	(497 687)

Ratlou Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
<p><i>The Setlhwatlhwe Heritage Site was incorreced classified as a heritage asset in the prior year, but this is just a normal building with no historical significance. Therefore the asset has been reclassified to community assets and are now depreciated. The effect of the</i></p>			
39.4	<p><i>restatement is as follows:</i></p>		
<p><i>Non-current assets</i></p>			
	Property, plant and equipment - Heritage assets (Increase/(Decrease))		(1 000 000)
	Property, plant and equipment - Community Assets (Increase/(Decrease))		1 000 000
<p><i>Water tanks and stands acquired in the prior year were disclosed as part of Property, plant and equipment - other assets. It should have been classified as Property, plant and equipment - Infrastructure. This</i></p>			
39.5	<p><i>has now been corrected. The effect of the restatement is as follows:</i></p>		
<p><i>Non-current Assets</i></p>			
	Property, plant and Equipment - Other Assets (Decrease)/Increase		(126 942)
	Property, plant and Equipment - Infrastructure (Decrease)/Increase		126 942

40 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure D

Ratlou Local Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation							Accumulated Depreciation				Carrying Value	
	Opening Balance		Additions	Under Construction (capitilised)	Disposals	Other Movements	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals		Closing Balance
	Cost	Under Construction											
	R	R	R		R	R	R	R	R	R	R		R
Land													
Land	-		-			-	-	-	-	-	-	-	-
Landfill Sites	801 951	-	-			29 663	-	831 615	-	(32 078)	-	(32 078)	799 537
	801 951	-	-	-	-	29 663	-	831 615	-	(32 078)	-	(32 078)	799 537
	-							-		(32 078)	-	(32 078)	
Buildings	18 756 158	-	199 525			-	-	18 955 683	(2 473 119)	(630 979)	-	(3 104 098)	15 851 584
								-					
Infrastructure	-										-		
Roads	13 897 740	2 567 508	401 579			-	6 097 990	22 964 817	(358 977)	(352 378)	-	(711 355)	22 253 461
Water Tanks and Stands													
	132 935		158 207				-	291 142	(5 993)	(24 093)	-	(30 086)	261 056
	14 030 675	2 567 508	559 786	-	-	-	6 097 990	23 255 958	(364 969)	(376 472)	-	(741 441)	22 514 517
Community Assets													
Libraries	19 594 027	2 423 223	3 121 128	(2 423 223)		-	-	22 715 155	(2 018 482)	(664 162)	-	(2 682 644)	20 032 511
Recreation													
Grounds	24 077 008		-			-	200 800	24 277 808	(2 888 140)	(802 567)	-	(3 690 707)	20 587 101
Halls	27 988 786	3 672 994	4 904 717	(2 510 704)		-	3 246 794	37 302 587	(3 218 908)	(1 003 848)	-	(4 222 756)	33 079 830
Cemeteries	160 000		2 614 183			-	-	2 774 183	(21 333)	(7 252)	-	(28 585)	2 745 598
Community Buildings													
	4 559 211		-			-	-	4 559 211	(360 400)	(161 307)	-	(521 707)	4 037 504
	76 379 032	6 096 217	10 640 027	(4 933 927)	-	-	3 447 594	91 628 943	(8 507 264)	(2 639 136)	-	(11 146 399)	80 482 544
Total carried forward	109 967 817	8 663 725	11 399 337	(4 933 927)	-	29 663	9 545 584	134 672 199	(11 345 352)	(3 678 665)	-	(15 024 017)	119 648 182

Ratlou Local Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation							Accumulated Depreciation				Carrying Value	
	Opening Balance		Additions	Under Construction (capitilised)	Disposals	Other Movements	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals		Closing Balance
	Cost	Under Construction											
	R	R	R		R	R	R	R	R	R	R		R
Total brought forward	109 967 817	8 663 725	11 399 337	(4 933 927)	-	29 663	9 545 584	134 672 199	(11 345 352)	(3 678 665)	-	(15 024 017)	119 648 182
Heritage Assets													
Historical Buildings	-		-				-	-	-	-	-	-	-
	-	-	-		-	-	-	-	-	-	-	-	-
Other Assets													-
Office Equipment	552 672		18 100		(137 715)			433 057	(153 270)	(84 720)	63 827	(174 163)	258 894
Furniture & Fittings	1 849 915		736 070		(312 323)			2 273 661	(578 029)	(315 691)	70 192	(823 528)	1 450 133
Bins and Containers	14 270		-		(469)			13 801	(1 099)	(1 590)	149	(2 540)	11 261
Emergency Equipment	45 078		-		(10 015)			35 063	(11 867)	(8 247)	3 260	(16 854)	18 208
Machinery and Equipment	-		-		-			-	-	-	-	-	-
Motor Vehicles	4 305 155		2 514 000		(1 388 933)			5 430 223	(859 843)	(920 108)	530 494	(1 249 457)	4 180 765
Computer Equipment	1 486 775		568 256		(435 960)			1 619 071	(457 209)	(391 442)	223 877	(624 774)	994 297
Computer Software (part of computer equipment)	488 689		120 000		-			608 689	(56 897)	(143 232)	-	(200 129)	408 560
Other Assets	941 754		91 605		(172 804)			860 556	(121 343)	(172 321)	52 902	(240 762)	619 794
Refuse Removal - Donkey Carts	-		143 420		-			143 420	-	(14 595)	-	(14 595)	128 826
	9 684 308	-	4 191 451	-	(2 458 218)	-	-	11 417 541	(2 239 557)	(2 051 946)	944 702	(3 346 802)	8 070 739
	-							-					
GRAND TOTAL	119 652 125	8 663 725	15 590 788	(4 933 927)	(2 458 218)	29 663	9 545 584	146 089 740	(13 584 909)	(5 730 611)	944 702	(18 370 818)	127 718 921

Ratlou Local Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

31/03/2012												
Cost / Revaluation								Accumulated Depreciation				Carrying Value
Opening Balance		Additions	Under Construction (capitilised)	Disposals	Other Movements	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	
Cost	Under Construction											
R		R		R	R	R	R	R	R	R	R	
Land												
Land	-	-			-	-	-	-	-	-	-	-
Landfill Sites	-	304 264			497 687	-	801 951	-	-	-	-	801 951
	-	304 264	-	-	497 687	-	801 951	-	-	-	-	801 951
Buildings												
	18 558 938	197 220				-	18 756 158	(1 850 000)	(623 119)	-	(2 473 119)	16 283 039
Infrastructure												
Roads	13 207 403	690 337			-	2 567 508	16 465 248	(41 087)	(317 890)	-	(358 977)	16 106 271
Water Tanks and Stands	-	132 935				-	132 935	(5 993)	-	-	(5 993)	138 928
	13 207 403	823 272	-	-	-	2 567 508	16 598 183	(47 080)	(317 890)	-	(364 969)	16 245 199
Community Assets												
Libraries	17 663 015	1 303 043	627 969		-	2 423 223	22 017 251	(1 426 724)	(591 758)	-	(2 018 482)	19 998 769
Recreation												
Grounds	24 077 008	-			-	-	24 077 008	(2 085 573)	(802 567)	-	(2 888 140)	21 188 868
Halls	23 600 000	815 822	3 572 964		-	3 672 994	31 661 780	(2 360 000)	(858 908)	-	(3 218 908)	28 442 871
Cemeteries	160 000	-			-	-	160 000	(16 000)	(5 333)	-	(21 333)	138 667
Community Buildings	4 246 387	312 824			-	-	4 559 211	(122 913)	(237 487)	-	(360 400)	4 198 811
	69 746 410	2 431 689	4 200 933	-	-	6 096 217	82 475 249	(6 011 210)	(2 496 054)	-	(8 507 264)	73 967 986
Total carried forward												
	101 512 751	3 756 445	4 200 933	-	497 687	8 663 725	118 631 541	(7 908 290)	(3 437 062)	-	(11 345 352)	107 298 175

Ratlou Local Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation							Accumulated Depreciation				Carrying Value	
	Opening Balance		Additions	Under Construction (capitilised)	Disposals	Other Movements	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals		Closing Balance
	Cost	Under Construction											
	R		R		R	R	R	R	R	R	R		R
Total brought forward	101 512 751		3 756 445	4 200 933	-	497 687	8 663 725	118 631 541	(7 908 290)	(3 437 062)	-	(11 345 352)	107 286 190
Heritage Assets													
Historical Buildings			-				-	-	-	-	-	-	-
	-		-	-	-	-	-	-	-	-	-	-	-
Other Assets													-
Office													
Equipment	466 652		86 020		-			552 672	(82 891)	(70 378)	-	(153 270)	399 402
Furniture & Fittings	1 601 379		259 074		(10 539)			1 849 915	(332 342)	(256 226)	10 539	(578 029)	1 271 885
Bins and Containers	4 270		10 000		-			14 270	(712)	(387)	-	(1 099)	13 171
Emergency Equipment	17 128		27 950		-			45 078	(7 525)	(4 342)	-	(11 867)	33 210
Machinery and Equipment	53 600		-		(53 600)			-	(44 325)	(4 925)	49 250	-	-
Motor vehicles	4 429 702		1 000 047		(1 124 594)			4 305 155	(267 558)	(943 064)	350 778	(859 843)	3 445 312
Computer													
Equipment	1 093 121		508 765		(115 110)			1 486 775	(135 857)	(436 461)	115 110	(457 209)	1 029 567
Computer													
Software (part of computer													
equipment)	170 933		317 756		-			488 689	(14 469)	(42 427)	-	(56 897)	431 793
Other Assets	368 227		580 453		(6 926)			941 754	(33 812)	(91 300)	3 769	(121 343)	820 411
	8 205 012		2 790 065	-	(1 310 769)	-	-	9 684 308	(919 492)	(1 849 511)	529 446	(2 239 557)	7 444 751
	-								-				
GRAND TOTAL	109 717 763		6 546 510	4 200 933	(1 310 769)	497 687	8 663 725	128 315 849	(8 827 782)	(5 286 573)	529 446	(13 584 909)	114 730 940

Ratlou Local Municipality
APPENDIX B
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation							Accumulated Depreciation				Carrying value
	Opening	WIP	Other	Disposals	Under	Closing	Opening	Depreciation	Disposals	Closing		
	Balance	Capitalised					Additions			s	Construction	
	R		R	R	R	R	R	R	R	R	R	R
Office of the Mayor	1 065 297	-	27 098	-	(232 570)	-	859 825	(181 950)	(202 986)	95 141	(289 795)	570 031
Office of the Speaker	197 299	-	156 931	-	(6 335)	-	347 896	15 697	(81 482)	3 407	(62 378)	285 518
Office of the Municipal Manager	676 408	-	273 098	-	(51 266)	-	898 240	(192 665)	(140 381)	23 101	(309 945)	588 295
Budget and Treasury	543 121	-	130 200	-	(190 338)	-	482 983	(144 906)	(118 091)	63 210	(199 788)	283 195
Corporate Services	5 901 058	-	2 039 641	-	(1 576 150)	-	6 364 548	(1 677 082)	(1 189 557)	699 040	(2 167 598)	4 196 950
Community Services	156 070	-	254 834	-	(11 200)	-	399 704	(6 671)	(39 961)	2 550	(44 082)	355 621
Planning and development	119 776 585	(4 933 927)	12 708 986	29 663	(390 359)	9 545 584	136 736 532	(11 397 315)	(3 958 153)	58 253	(15 297 216)	121 439 316
Total	128 315 838	(4 933 927)	15 590 788	29 663	(2 458 218)	9 545 584	146 089 728	(13 584 892)	(5 730 611)	944 702	(18 370 802)	127 718 927

Ratlou Local Municipality
APPENDIX C
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2012

2011	2011	2011	2011
Actual Income	Actual Expenditure	Other	Surplus / (Deficit)
R	R	R	R
-	4 692 641	-	(4 692 641)
-	9 189 021	-	(9 189 021)
-	6 887 835	-	(6 887 835)
55 570 744	9 276 319	-	46 294 425
43 390	12 536 066	(277 722)	(12 770 398)
14 441 672	8 851 000	-	5 590 672
753 882	3 936 321	-	(3 182 439)
70 809 687	55 369 203	(277 722)	15 162 762

Office of the Mayor and Council
Office of the Speaker
Office of the Municipal Manager
Budget and Treasury
Corporate Services
Planning and Development
Community Services
Total

2012	2012	2010	2012 Surplus / (Deficit)
Actual Income	Actual Expenditure	Other	R
R	R	R	R
295 000	9 680 360	-	(9 385 360)
-	11 504 683	-	(11 504 683)
-	10 491 926	-	(10 491 926)
67 011 733	10 703 241	1 633 359	57 941 851
150 964	18 651 439	-	(18 500 474)
15 003 961	9 565 343	-	5 438 618
756 725	7 238 181	-	(6 481 456)
83 218 384	77 835 173	1 633 359	7 016 570

Ratlou Local Municipality
APPENDIX D
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)
for the year ended 30 June 2012

	Actual R	Adjustments Budget R	Variance Over/(Underspent) R	Variance %	Explanation of significant variances greater than 10% versus budget
REVENUE					
Property Rates	2 035 765	2 000 000	35 765	2%	<i>Difference accepted as its not material.</i>
Rental of facilities and equipment	718 928	650 000	68 928	11%	<i>The budget is based on prior year results collection rate.</i>
Interest earned	1 989 064	1 250 000	739 064	59%	<i>Receipts for grants were received in full and sooner than expected.</i>
Government grants and subsidies	78 323 804	104 747 682	-26 423 878	100%	<i>Inflation rate also contributed.</i> <i>This is due to the roll overs from prior financial years which funded the adjustment budget.</i>
Other income	150 821	14 983 787	-14 832 966	-99%	<i>This is due to the suplus from prior financial years which funded the adjustment budget.</i>
TOTAL REVENUE	83 218 384	123 631 469	-40 413 085	-33%	
EXPENDITURE					
Employee related costs	23 075 862	22 916 000	-159 862	-1%	<i>Acting in filled positions due to disciplinary issues; posts upgrade; staff placement & unavoidable temporary staff appointments</i>
Remuneration of councillors	7 540 626	7 275 000	-265 626	-4%	<i>Difference accepted as its not material.</i>
Bad debts	1 953 627	2 120 000	166 373	8%	<i>Difference accepted as its not material.</i>
Depreciation and amortisation expense	5 730 611	600 000	-5 130 611	-855%	<i>We have under budgeted</i> <i>The municipality budgetted more because it had plans for borrowings which never materialised.</i>
Finance Costs	15 178	40 000	24 822	62%	<i>The budget was mainly for district roll over which was implemented very late in February after the adoption of adjustment budget.</i>
Repairs and maintenance	1 357 984	2 832 000	1 474 016	52%	<i>Budgeted for as part of general expenses</i>
Grants and subsidies paid	1 200 000	-	-1 200 000	100%	<i>Difference accepted as its not material.</i>
Contracted services	4 960 239	5 021 000	60 761	1%	<i>Difference accepted as its not material.</i>
General Expenses	32 001 046	32 810 195	809 149	2%	<i>Difference accepted as its not material.</i>
TOTAL EXPENDITURE	77 835 173	73 614 195	-4 220 978	-6%	
Gain / (loss) on sale of assets	-779 277	-	-	100%	
Profit / (loss) on fair value adjustment	2 412 636	-	-	100%	
NET SURPLUS / (DEFICIT) FOR THE YEAR	7 016 570	50 017 274	-43 000 704	-86%	